

Main Directions of Poverty Reduction in the Areas

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Annotation: It should be noted that the distributional effect of income distribution on the population is twofold, it represents the achievement of prosperity as a result of the steady increase in the income of the employed and the distribution of social efficiency, on the contrary, it represents an increase of poverty. The poor are not only deprived of the opportunity to benefit from rapid economic growth, but also unable to contribute to development due to limited opportunities to participate in various sectors of society.

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“Poverty is a description of an economic situation in which each individual or social group does not meet a certain range of minimum needs for survival, ability to work, and the survival of a generation. Poverty is a relative concept and depends on the general standard of living in that society. It is manifested in the lack of access to food and clothing, schooling or hospital treatment, income-generating employment that allows them to grow or live on their own land, and access to credit.¹ It should be noted that achieving economic growth will lead to the elimination of the problem of poverty, which is reflected in the productive capacity of the country and the way of life of the population, as a social issue in almost all economic systems.

The existence of poor people in our country was first mentioned in the Application of the President of the Republic of Uzbekistan to "Oliy Majlis" on January 24, 2020, and noted as: “It is no secret that the majority of the population in the regions, especially in the villages, does not have a sufficient source of income. As in any country, we also have poorly supplied strata of the population. According to various estimates, it contains about 12-15 percent. We are not talking about small numbers, but about 4-5 million representatives of our population. This means that their daily income does not exceed 10-13 thousand UZS. A family may have a car or a pet, but if a member of the family is seriously ill, at least 70 percent of the family income goes to medical costs. So can such a family be called self-sufficient? As President, I am troubled every day by the question of what is going on with the vital needs of our people, such as food, treatment, education, and clothing for their children. Poverty reduction means the awakening of entrepreneurial spirit in the population, the full realization of the inner strength and potential of people, the implementation of a comprehensive economic and social policy to create new jobs.”².

For the Republic of Uzbekistan, the poverty line means living on less than US\$ 3.2 a day, for example, if a family which contains five person has a gross income of less than \$ 480 or UZS 4.600.000 a month, this family can be considered poor. According to research, today in our country the consumer level, which includes 46 types of products and primary services, is estimated at UZS 650,000, and the minimum subsistence level is estimated at UZS 810,000³.

¹Poverty Measurement Guide. ECE, UN, New York-Geneva, 2017 p.4.

However, the consumer level may differ in terms of age, gender, and seasonality.

During the period of economic reforms, the effectiveness of reforms in industries and sectors is reflected in the socio-economic development of the regions and the improvement of living standards.

United Nations Economic Commission for Europe gave the definition:

“Poverty represents an inability to have choices and opportunities throughout one's life, the existence of barriers to full participation in society, in addition to feeding and dressing his family, receiving an education or hospital treatment, or lack of employment opportunities to earn an income or limited access to credit” In general, countries should take measures to reduce poverty and causes of poverty on the basis of scientific study of the socio-economic situation of each region. This requires identifying the causes of poverty, a study of the concept of poverty, the criteria for its definition and assessment methods. In Russia, the Gross domestic product contains per person is about \$10,000 per year, and the ratio of this subsistence minimum to this indicator is 19 percent. Also, economic indicator shows 9.6% in Kazakhstan, 18.0% in Belarus, 25.8% in Ukraine, 12.9% in Malaysia, 25.8% in the Czech Republic and 24.3% in Germany.⁴

The Organization for Economic Co-operation and Development (OECD) has proposed criteria for the level of poverty. In particular, the poverty rate is explained by the fact that the income of a certain age group is below the threshold of less than half of the average household income. They also include the poverty range category and the average income of this poor class falls below the poverty rate criterion. This category helps to determine the scale of poverty. This indicator is determined by the age range, ie 18-65 and older than 65 years⁵.

In order to reduce poverty and increase the welfare of the population, a number of tasks have been set in our country, including:

1. The project "Strategy for Poverty Reduction in the Republic of Uzbekistan until 2030" will be developed jointly with the United Nations Development Program, the World Bank and a number of international organizations.
2. A comprehensive approach and non-standard methods of poverty reduction will be introduced, ie “Minimum Consumption Cost of the Population” based on an in-depth analysis with international experts on ensuring the basic needs of the poor.
3. A system of targeted identification of the needy population in the neighborhoods and on this basis, a targeted work with them will be created.
4. The "Social Register", which will be fully operational next year, will contain all the information in the "Iron Book", more than 30 social services will be provided to needy families in electronic form..
5. A program will be developed to bring social guarantees into one system and gradually provide them at the level of minimum standards.
6. Mobilization routes will be developed to reduce existing capacity and poverty in the

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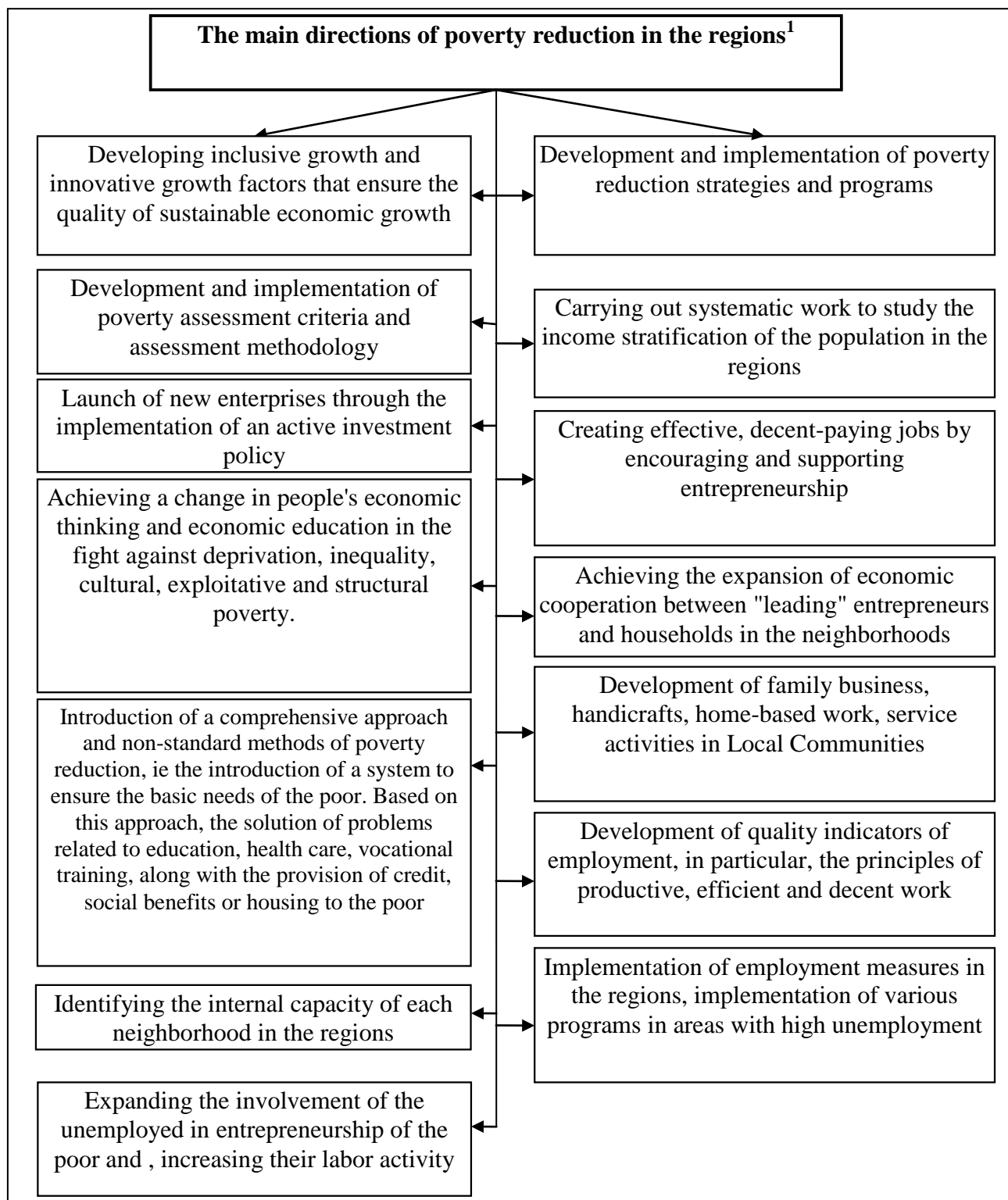
⁵OECD (2020), Poverty gap (indicator). DOI: 10.1787/349eb41b-en (Accessed on 23 April 2020)

regions.

7. Professional training of young people and women, their employment through the support of entrepreneurial initiatives and the introduction of a new mechanism for creating a stable source of income and other measures are planned.

In the course of our research, we promote the following areas of a comprehensive approach to poverty reduction in the regions of the Republic of Uzbekistan (Figure 2.2).

Figure 2.2. The main directions of poverty reduction in the regions



Based on the research, it should be noted that in the context of modernization of the economy, we put forward the following proposals and recommendations to increase incomes, ensure sustainable economic growth, reduce poverty, improve living standards:

- Creating conditions for the development of any type of entrepreneurship, taking into account local conditions, as a result of the consistent implementation of the program "Every family is an entrepreneur" in the regions;
- Launch of new enterprises and production facilities through active investment policy, development of micro cluster system, especially in rural areas, increasing the creation of sustainable, efficient, decent-paying jobs in industries and sectors;
- Achieving a change in people's economic thinking and economic education in the fight against deprivation, inequality, cultural, exploitative and structural poverty;
- Increasing human capacity to achieve sustainable economic growth in the regions and reducing poverty, one of the criteria for inclusive growth by reducing inter-regional disparities, ensuring macroeconomic stability based on institutional changes.

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